

REFERENCE (a)

5 August 1965

Dear Jim:

First of all, I offer no real excuse but would appreciate it if you would excuse the delay in the receipt of this letter.

I want to thank you and your personnel for the time afforded me on my June visit. It is this type of reception that makes a contractor's efforts seem worth while.

On my visit to your facility we reviewed and discussed the residual inventory on PR8200. The purpose of this review was to determine the disposition of items no longer essential to the project. As the items outlined in the "Disposal of Scrap Request" are of no significant value to us, or you as a customer, these items are so designated as scrap.

In recapitulation, the items denoted as scrap fall into the basic categories of breadboard and pre-production. The material is further identified as being: (1) in a state of obsolescence as new design items are being used, (2) originally fabricated to rough tolerances, (3) usefulness obsoleted due to shelf life, (4) etc. The cost of disassembling, identifying, and reinspecting these items to see if there is any product usefulness is prohibited.

Jim, the exceptions for our application of the scrap residual inventory items are as follows:

PT-CH-65-10097

<u>PAGE NO.</u>	<u>QTY</u>	<u>ITEM DESCRIPTION</u>	<u>ORIG UNIT COST</u>	<u>CH OFFER UNIT COST</u>	25X1
11 of 15	5	547-3331 BK-7 13.0" DIA x 1-3/8"			
11 of 15	5	547-3336 F.S. 5.0" DIA x 5/8"			
11 of 15	1	20" DIA x 5" BK-7 MELT #10691			
12 of 15	1-2/3	OG-4 FILTER GLASS 9" x 9" x 1/4"			
12 of 15	1	547-1977-2 (F.S.)			
12 of 15	3	547-1978 (BK-7) SER #4, 5, 6			
13 of 15	1	547-1976 (F.S.) SER #5			
13 of 15	1	547-1977-3 (F.S.)			

* Inventory transfer has been made

As I indicated in my conversation with you the approval which allows us to procure these items, at the prices indicated, will be sought from Headquarters. The understanding is that the dollars derived (\$4,521.00) are credited to the contract. For information purposes the glass blanks delineated above all fall into the category of experimental and have been worked in one way or another to disform them as a usable item for our project's end product. Please, if possible, complete your close-out with the exception of the items listed above.

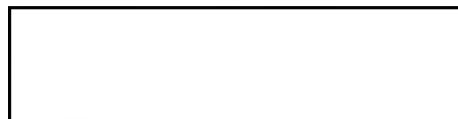
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In answer to your question, CH does have a Property Administrator who seeks three bids on all scrapped items. The money received for scrap is then credited to the contract. Naturally every precaution will be taken to declassify these items prior to scrapping.

I am looking forward to your acknowledgement of this letter and a formal close-out of our inventory.

We are preparing for your September visit and feel our property accountability will meet with your satisfaction.

Respectfully yours,



25X1A

Project Administrator, CH

RGC:gh

cc: C.M.H. ✓ (2)
C.J.K.
T.G.D.
R.S.L.